GNOSIS
Course Management Systems

Mission Statement:

As a leader committed to excellence within the online learning communities, we strive for creativity while supporting the success of our customers. We are a service provider of software and communication solutions for scholastic and small business needs whose mission is to enhance learning through a communication rich environment using both audio and visual tools.

Corporate Values:

Gnosis is Greek for Knowledge, the foundation upon which our company is built. At Gnosis, our values guide our behavior, procedures, business decisions and relationships. We believe Excellence, Trust, Innovation and Commitment:

Excellence:
- We strive for improvement in our products and services to meet our customers changing needs;
- We take pride in our work, products and vision;

Trust:
- We care about what we do. We build into our products a level of quality and performance that will earn the respect and loyalty of our customers;
- The attitudes and behaviors of our management toward their team members supports a collaborative environment built on integrity and trust;
- We maintain our reputation for reliability and integrity in our performance and business practices;

Innovation:
- We are advocates of positive change and seekers of new opportunities;
- We celebrate creativity and open-minded thinking;
- We encourage and support responsible risk-taking;

Commitment:
- We are committed to serving our customers by providing them with forward thinking solutions to their business challenges;
- Our intention is to create long-term partnerships by assisting our customers in achieving their business goals;

Vision Statement:

Gnosis aims to be a leader in course management systems. Through interactive technologies, we offer an alternative way of learning different from the traditional approach to learning. Our humanistic, immersive and engaging environment fully supports both higher education and corporate needs and goals.

Environment:

The following is an ideal environment within higher education that will enable the growth of the product and support the personnel within the corporation. Some of the attributes include:
- A virtual office location for all sales personnel (reduces brick and mortar costs but also opens the door to employee fraud).
- Supervisors and managers are located either in a virtual space or at the corporate headquarters.

- Sales meetings are conducted via video-conference. If an employee does not make a connection they need to tie into the meeting with teleconference.
- The headquarters is located on the top of an Irvine high-rise building built around 2000, and occupies 15,000 square feet of office.
    - The latest seismic and fire prevention systems are enabled.
    - Parking is all underground is continually monitored by local security.
    - A 500 bed hospital is within 10 miles.
    - All office and ingress/egress locations are OSHA and state handicapped approved.
    - Offices are situated near three major freeways and a national airport is 10 minutes away.
- Company policies include clear definition on discrimination that coincides with recent California state laws.
- Pay and Incentives: are in accordance with industry standards.
- The corporation is currently undergoing the ISO9000 certification for quality.
- The corporation has used the Malcolm Baldridge aware criteria for excellence.
- Systems are protected with Spynet software for corporate information espionage prevention.
- Ombudsman for mediation (part of HR department) is available for all employees.
- Feedback loops for customer and management assessments have been enabled since the company inseption.
- Training and development programs are numerous and include non-business and personal development classes. Also offered is a college reimbursement program for employees of 5 years or more employment.

Product Description:

Gnosis, virtual learning environment provides specialized software and services for communication, collaboration and learning. Our adaptable and scalable suite of eLearning products supports a comprehensive course management system that offers:

- course management
- content authoring
- syllabus building
- assessment tools
- tracking and reporting capabilities
- communication tools: instant messaging, email, calendars, discussion, conferencing and chat
- collaboration tools: virtual classroom, eForums, file sharing
- links to learning resources, library and other student support services

Our system integrates seamlessly with common information platforms such as Datatel Colleague and Banner. To ensure that our customers experience a smooth implementation transition, Gnosis provides planning and consultancy, product installation, IT and MIS integration, training services for IT staff, faculty and management, and project management.

What Gnosis offers that is different from most course management systems is a humanistic approach to online learning. Students and faculty can see who is online via photo or preferred icon with the option of connecting visually and/or VoIP in real time thus addressing the issue of isolation and disconnection often reported by online students. Additionally, students have up-to-date progress reports displayed on the dashboard indicating assignment/exam status. This reporting system is linked to the appropriate student resource center such as Counseling, Tutoring, Math Lab so that students will receive automatic notices regarding available campus support services.

Competitive Comparison:

At present, we compete mainly against three other course management companies: Blackboard, eCollege and WebCT. Blackboard is a formidable competitor, it is a publicly owned company with a user base of more than 5.4 million individuals worldwide. Since it was founded in 1997, Blackboard has grown to serve many large higher education and corporate institutions such as Georgetown University, Arizona State University, Mortgage Bankers Association of America and Kaplan. Blackboard markets not only to

higher education but K-12, Corporate/Government and International institutions as well. It provides products for online teaching and learning, campus communities, campus commerce services, and integration of Web-enabled student services and back office systems.

eCollege, another publicly owned company founded in 1996, provides information services to the post-secondary industry primarily in the United States and Canada. eCollege operates through two divisions, eLearning and Enrollment. The eLearning division is an application service provider giving access to software products, online campuses, courses, reporting, content management and administrative solutions. The Enrollment division provides outsourced integrated enrollment marketing services. eCollege's customers tend to be institutions in higher education interested in targeting the non-traditional student population, students who have difficulty attending the traditional day time, on campus courses. Though eCollege has a lot to offer, it has been experiencing difficulties of late. According to Nasdaq: ECLG News dated May 12, 2005 after hitting a 52 week high of $18.18 per share, the stock has dropped to $9.07.

WebCT is a privately held company founded in 1995, it is a course management system that provides instructors with customizable teaching tools for tracking student performance and managing course content. WebCT services more than 2,000 community colleges and universities in more than 70 countries. Compared to Blackboard and eCollege, WebCT is a small, stable company with about half the number of employees of the two major competitors, preferring to target a smaller educational market. Revenue thus far in 2005 is at 54 million.

QuickTime™ and a
TIFF (LZW) decompressor
are needed to see this picture.

Product Comparison:

|	Blackboard	eCollege	WebCT
Student Community Building	Students can create online clubs, interest, and study groups at the system level (only available in the expanded Suite).	Students can create online clubs, interest, and study groups at the system level.	Students from different courses can interact in a system-wide chat room. Students can create online clubs, interest, and study groups at the system level.
Course Management	Instructors can selectively release assessments, announcements and other materials based on previous course activity or specific start and end dates. Instructors can specify start and stop dates for the entire course.	Instructors can selectively release materials based on specific start and end dates. Instructors can personalize access to specific course materials based on group membership and can link discussions to specific dates or course events. Instructors can link discussions to specific dates or course events. Instructors can design courses for instructor facilitated learning or system managed self-study. The system can synchronize course dates defined by the institutional calendar.	Instructors can personalize access to specific course materials based on group membership, previous course activity, or student performance. The system can synchronize with course dates defined by the institutional calendar.
Online Grading Tools	Instructors, and teaching assistants can mark paragraph questions, and mark and return assignments turned in through the assignment dropbox. Instructors can provide feedback on all assignments through annotations. Instructors can publish student submissions as examples for other students to see. Instructors can add the grades for offline assignments to the online gradebook. Instructors can import and export a comma-delimited version of the gradebook from/to an external spreadsheet program. Instructors can search the gradebook to find all students who meet a specific performance criteria, mark, or status such as exam completion. Instructors can create a course grading scale that can employ raw scores, percentages, letter grades or pass/fail metrics. When an instructor adds an assessment or assignment to the course, the software automatically adds it to the gradebook.. The software automatically calculates the average grade on each assignment. Instructors can download the results	Instructors can mark exams online. Instructors can provide feedback on all assignments through links to the relevant course content. Instructors can create a comma-delimited version of the gradebook for export to an external spreadsheet program. Instructors can access all student thread responses from within the Gradebook. Instructors can assign partial credit for certain answers. Instructors can add the grades for offline assignments to the online gradebook. Instructors can view grades in the gradebook by assignment, by student, and for all students on all assignments. Instructors can manually edit all grades. When an instructor adds an assignment to the course, the software automatically adds it to the gradebook. Instructors can delegate the responsibility for grading assignments. The gradebook supports the creation of custom columns which can contain either grade information or other instructor-determined details.	Instructors can mark all assessments not automatically scored online. Instructors can assign partial credit for certain answers. Instructors can add the grades for offline assignments to the online gradebook. Instructors can import and export a comma-delimited version of the gradebook from an external spreadsheet program. Instructors can manually edit all grades. Instructors can create a course grading scale. Instructors can delegate the responsibility for grading assignments. The gradebook supports the creation of custom columns which can contain either grade information or other instructor-determined details.

	of a test across sections of a course and across semesters. Instructors can aggregate data and perform item-level analysis of individual survey items across the entire system.		
Discussion Forums	Discussions can be viewed by date and by thread. Instructors can associate a discussion with any course content. Instructors can enable or disable anonymous posting, and determine whether student posts are re-editable. Posts can contain URLs, file attachments and may contain HTML. The threaded discussion software includes a formatting text editor which can create mathematic equations. Instructors may create separate discussion environments for small groups of students and teaching assistants. Discussion threads are expandable and collapsible to view an entire conversation on one screen.	The software includes support for discussion forums. Discussions can be viewed by date, by thread, by author, by group, and by topics defined by the instructor. Instructors can associate a discussion with any course content. Instructors may create separate discussion environments for small groups. Instructors can limit discussions to specific time periods. Only the instructor may delete posts. Posts can include attachments, an image or URL. The entire discussion can be saved or printed for off-line reading. Discussion threads are expandable and collapsible to view an entire conversation on one screen.	Discussions can be viewed by date, by thread, and by title. Instructors can determine the level of involvement (read, write, or post anonymously) for students. Instructors may create separate discussion environments for small groups. Posts can include attachments and URLs.
Cost	The annual license fee is based on FTE students in an institution (or school within an institution) or consortium. In some markets, the annual license fee is determined on a per-user basis.	There is an annual license fee for campus based programs and a per registered user enrollment fee for complete distance education programs. Technical support costs are included in enrollment fees. All software source code can be held in escrow.	The Campus Edition Institution License is priced based on number of full-time equivalent (FTE) students in an institution. The Campus Edition Focus License is priced based on a limited number of student seats (normally 3000). The software is licensed on an annual subscription basis. Technical support is provided by email, web form, or phone. The annual license fee includes support for two administrators per license. Additional technical support may be negotiated for instructors or additional administrators, with four-hour response time and 7x24 support options.

Source: Edutools http://www.edutools.info/

Market Share:

Market share is a common calculation of total market sales divided by overall Gnosis corporation sales within a period of performance. Below illustrates how Gnosis has increased its market share performance from an 11% to a 35% market share within the past five years:

2000 total sales (in millions)

2005 total sales (in millions)
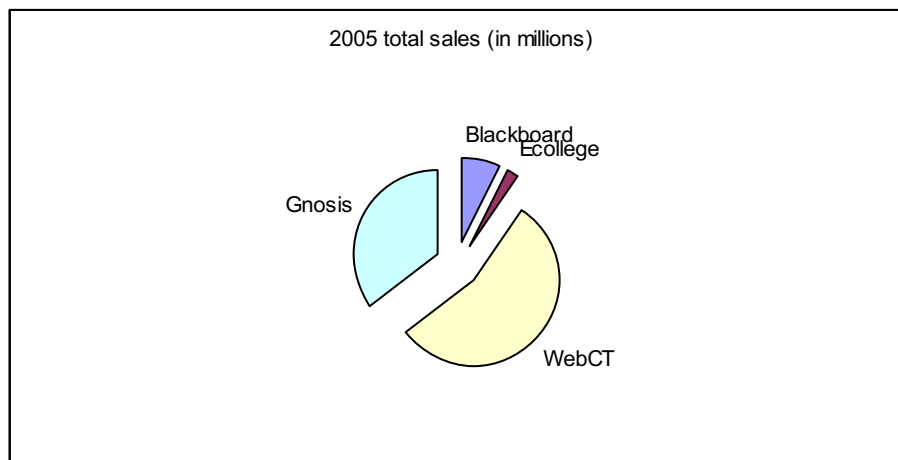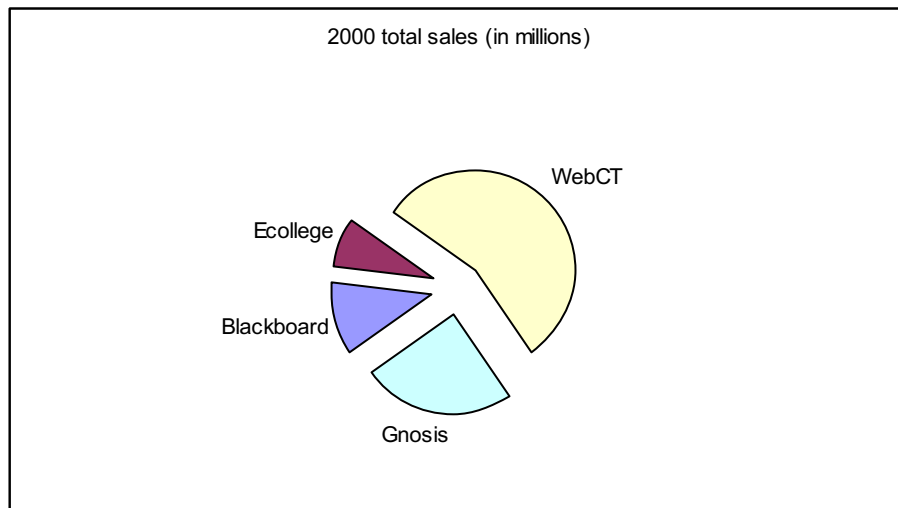
Gnosis is careful not to increase market share too quickly or aggressively. Fluctuating competitive pricing, changing distribution sources, and increased promotional expenditures have all paid a role in determine Gnosis market growth. Our corporate performance has seen positive growth and high market share in a highly competitive market while still maintaining a paramount reputation.

Pricing:

The Gnosis Campus Edition Institution License is priced based (initial cost is $25,000 US) on number of full-time equivalent (FTE) students in an institution (no more than 3,000). The software is licensed on an annual subscription basis. Technical support is provided by email, web form, or phone. The annual license fee ($10,000 US) includes support for two administrators per license and any upgrades.

- course management
- content authoring
- syllabus building
- assessment tools
- collaboration tools: virtual classroom, eForums, file sharing
- links to learning resources, library and other student support services

The Gnosis Corporate Edition License (initial cost is $60,000 US) with unlimited users, includes all the above mentioned attributes but also includes:

- tracking and reporting capabilities
- communication tools: instant messaging, email, calendars, discussion, conferencing and chat
- extended user support program

This software package is licensed on an annual subscription basis. Technical support is provided by email, web form, or phone. The annual license fee ($20,000 US) includes support for five administrators per license and any upgrades.

Pricing is based on competition, supply and demand. Price elasticity, or the price changes based on quantity demand of Gnosis products, can fluctuate within a given year. All prices mentioned above are based on January 2005 demands. For the latest Campus or Corporate prices please contact our sales offices at (714) 555-1212.

<u>Legal:</u>

Gnosis is a General Partnership agreement and is governed by California state laws and the Uniform Partnership Act. This act mostly sets the specific partnership agreement boundries as the real legal core of the partnership. The agreement defines different levels of risk, with different levels of risk for each partner. The agreement also defines the impacts if a partner withdraws, buy and sell arrangements for partners, and liquidation arrangements if that becomes necessary. Additionally, The U.S Small Business Administration (SBA) administers the Small Business Development Center Program to provide management assistance to current and prospective small business owners. Gnosis has used this service to obtain a wide variety of information and guidance to establish it's corporate structure.

Gnosis has a legal department on retainer for all personnel, taxes, liability, trademark / copyright, and corporate legal issues.

<u>Resale license</u>

In states that have sales tax, state authorities manage a system that sets reseller businesses into a special category, so they don't have to pay sales taxes on items they buy for resale. The required paperwork and the state offices that manage it are different in many states, so you'll have to ask state offices for your state as you establish your business and how they apply if you want to resale any Gnosis products.